

REQUEST FOR PROPOSALS FOR PROFESSIONAL SERVICES TO PROVIDE

MERCHANT SERVICES

ISSUED BY THE OFFICE OF THE STATE TREASURER

CONTRACT NUMBER: TREAS-1602-MERCHSERV

I. Overview

The Office of the State Treasurer (“OST”) seeks a qualified vendor (“Vendor”) to provide services to the State of Delaware (“State”) for (i) processing, settling and reporting bank card (credit card and debit card) transactions, (ii) providing hardware and software solutions to conduct bank card transactions and (iii) actively managing the State’s compliance with card association regulations and industry best practices (“Merchant Services”).

This Request for Proposal (“RFP”) is issued pursuant to 29 *Del. C.* §§ 6981, 6982 and 6986.

Timetable: The tentative timetable for this RFP process is as follows:

EVENT	DATE
RFP published	March 1, 2016
Deadline for vendor questions	March 9 (4:00 p.m. EST)
Deadline for State responses – Q&A closed	March 16 (4:00 p.m. EST)
Deadline for vendor proposal submission	March 31 (4:00 p.m. EST)
Finalist presentations	April 25
Award notification	May 17
Implementation	January 1, 2017

Proposal to Remain Open: Vendor must agree to keep any proposal to this RFP open for six months after the deadline for vendor proposal submission.

Contract Term: This RFP process will result in a contract for a three-year term, to begin January 1, 2017 and end December 31, 2019. The contract will provide for two one-year extensions, bringing the potential contract end date to December 31, 2021.

Respondent Eligibility: Any vendor that does not meet the following criteria will not qualify for this RFP process:

- Vendor must have a minimum of five years’ experience providing merchant services to at least one major government entity. *Major government entity is defined as any state government, any county or municipality with an annual budget greater than \$1 billion, or any federal agency with an annual budget greater than \$1 billion.*

- Vendor must possess all necessary certifications to process transactions through Visa, MasterCard, Discover and American Express.
- Vendor's sponsoring bank must hold non-investment assets of at least \$10 billion, unless the sponsoring bank has its principal offices in the State of Delaware, in which case required asset size must be at least \$1 billion. *Sponsoring bank is defined as a federally-insured financial institution that is responsible for 1) facilitating merchant authorizations and settlements through the card associations, and 2) initiating funding transfers into the State's deposit bank account.*
- Vendor must either be currently certified to share data with Govolution, Inc., the State's principal internet gateway provider, or be willing to achieve certification within 90 days of the award of this contract. *Preference may be given to vendors that are already currently certified.*

Pre-Bid Meeting: There is no pre-bid meeting scheduled at this time.

Designated Contact: This RFP process will be managed by OST's Manager of Banking Services ("Designated Contact"):

James M. DiDonato
 Telephone: 302-672-6710
 Email: james.didonato@state.de.us

II. Background

OST oversees the collection of State of Delaware funds. This includes revenue generated by more than 150 individual bank card merchants representing a vast array of goods and services. In CY2015 the State experienced 1.8 million authorizations, 1.7 million net settlement items (credit card plus debit card minus chargebacks) and \$275 million in net settlement volume.

These merchants are located throughout the state and represent virtually every facet of State government. Almost all merchants are assigned Merchant Category Code 9399 (government services), but two college-related merchants carry the 8299 (education) MCC. Merchants process bank card transactions by three principal modes:

- Traditional countertop POS terminals designed for "card present" transactions
- Computer-based virtual terminals, normally using a software product provided by the State's gateway vendor, but possibly using organic State programming
- Web-based, where the cardholder initiates the transaction and the payment page may be hosted by either the State or a gateway provider

Almost all merchants route their deposits to the State's main "credit card collections" bank account. Those deposits are reported by the bank to OST, which reconciles them against the merchants' accounting documents. This process is highly automated. However,

some merchants route funds to special bank accounts that are not reconciled by OST; in such cases, the merchants conduct their own internal reconciliations.

While OST has oversight for all merchant services within state government, the following agencies take an active role in managing their merchants and paying for their operations:

- Division of Corporations
- Division of Revenue
- Division of Motor Vehicles
- Division of Parks and Recreation (currently 3 special purpose merchants)
- Public Service Commission
- Delaware Transit Corporation
- Delaware Economic Development Office
- Department of Transportation (currently 1 special purpose merchant)

Structurally, Delaware state government is comprised of departments, underneath which exist divisions and sections. All units are numerically identified using a six-digit code. In terms of merchant services, OST is considered the headquarters, as it is the agency responsible for setting policy and establishing the general direction of the State's card acceptance program.

The Designated Contact receives and approves the monthly rollup invoice for most merchants, provides a liaison between merchants and the vendor, resolves issues and disputes, educates merchants on trends and best practices, and helps ensure merchant compliance with industry requirements.

Historically, the State has exclusively used Verifone POS hardware (such as the VX510LE terminal). However, the project to become compliant with the 2015 "EMV Liability Shift" required the State to switch to Ingenico equipment. As of this RFP publication date, that project remains a work in progress. Ingenico iCT250 terminals have been deployed for standalone POS countertop use, and the iPP320 will soon be deployed for virtual terminal merchants. Only the Division of Motor Vehicles uses the iSC Touch 250 to capture signatures, administer surveys, and display custom information screens.

III. Scope of Services

The State's detailed processing requirements for Merchant Services are set out in Appendix A and a list of essential functions is also included below. The State requires the selected Vendor to meet such requirements and functions while providing Merchant Services in accordance with industry standards that reflect best practices and guidelines. In addition, the Vendor is expected to take an active, lead role in achieving the greatest efficiencies possible for the State with respect to its bank card transactions.

A. The State considers the following operational and cash management functions to be essential in connection with the performance of such services:

1. Next Day Settlement. When the merchant processor and the bank are part of the same organization, the State must receive ledger credit the next banking day after the merchant batch is transmitted. Where they are not part of the same organization, the State must receive two-day ledger credit.

Note: A strong preference will be given to the vendor that provides the best holistic settlement solution – including batch cutoffs, wire/ACH fees, and transmission timings – that allows the State to achieve next day settlement.

2. Daily Deposit Reporting. Prior to 8:30 a.m. each business day, the Vendor must provide an accurate electronic report of all merchant deposits settled on the prior business day.

3. Summary and Detailed Invoicing. The State's invoice must show pass-through interchange fees, authorization fees, purchase/rental fees (if any), processing fees, and adjustments (if any) for all merchants in aggregate as well as in detail for each merchant.

4. Agency Invoicing. The Vendor will directly invoice agencies as determined by OST.

5. Robust Online Reporting. The Vendor must offer a secure online reporting system that allows the State to control access by individuals and groups; provides at least three tiers or grouping levels of merchants; allows download and printing in a variety of formats, including Adobe PDF, MS Excel or comma delimited; and offers search functionality (inquiries) for transactions.

6. Custom Merchant Numbers. The Vendor will allow OST to actively manage at least six digits in the merchant identification numbers (MIDs) that are issued to the State, which may include setting aside a block of numbers for use by the State.

Note: A strong preference will be given to the vendor that allows the State to continue using its current nine-digit MID scheme. In particular, changing the number of digits will require a significant amount of programming effort to stay integrated with both the courts' data systems and the State's accounting system. The current MID scheme is...

Digits:	1	2	3	4	5	6	7	8	9
MID:	7	0	0	0	1	1	2	2	3

...where digit 1 is a placeholder that could be any non-zero number; digits 2-4 are placeholders; digits 5-6 represent the department; digits 7-8 represent the division; and digit 9 represents the merchant.

OST currently creates the MID, with particular focus on digits 5-9 – ensuring alignment with the State's long-standing accounting numbering scheme.

OST recognizes that the traditional MID is more lengthy, more structured, and more random. The successful Vendor may need to employ an “alias” program to accommodate the State, while the traditional MID exists behind the scenes.

B. The State considers the following compliance and security-related functions to be essential in providing merchant services:

1. Data Security within State. The Vendor will actively lead and advise agencies as they work to comply with card associations’ current and future programs, to include PCI and EMV.

2. Data Security within Vendor. The Vendor will collect, store, encrypt and transmit State merchant data using state-of-the-art practices.

3. Certification. The Vendor will achieve and maintain all required certifications to ensure the secure transfer of data among all parties throughout the transaction life cycle.

IV. Requirements and Evaluation Criteria

A. Required Information

1. Vendor shall provide the following information with its proposal in the order listed below. Failure to respond to any request for information within this RFP may result in rejection of the proposal at the sole discretion of OST. The proposal will be presented in a 3-ring binder, with each completed attachment identified in its own tab.

Tab A: Transmittal Letter. This letter must address these topics:

- A summary of the Vendor’s merchant services experience and interest in providing these services to the State of Delaware.
- A summary of material exception(s) to the RFP requirements as detailed by the Vendor on Attachment 5, including justifications for same.
- A statement that no bank account maintenance or ACH origination related to this RFP will take place outside of the United States.

Tab B: Attachment 1: Questionnaire

Tab C: Attachment 2: Pro Forma Bid Sheet

Tab D: Attachment 3: Confidential Information Form

Tab E: Attachment 4: Business References

Tab F: Attachment 5: Exception Form

Tab G: Attachment 6: Non-Collusion Statement

Tab H: Attachment 7: Employing Delawareans Report

Tab I: Requested Audited and Unaudited Financial Statements

2. Prior to the execution of an award document, the successful Vendor shall furnish OST with proof of (i) valid State of Delaware Business Licensure, (ii)

certification(s) necessary to perform services as identified in the Scope of Services set out in Appendix A, and (iii) proof of and amount of insurance no less than as identified in Section 10 of the agreement attached hereto as Appendix B.

B. Evaluation Criteria

An Evaluation Team, comprised of representatives from OST and other state agencies, will make quantitative and qualitative evaluations of all proposals. The Evaluation Team will consider Vendors based on their responsiveness, competence, professionalism, financial strength and organizational fit using the criteria set out below. The team's findings and recommendations will be presented to and evaluated by the Cash Management Policy Board ("Board") for final approval of a Vendor by that body.

1. Criteria Weight

All proposals shall be evaluated using the same criteria and scoring weights set out below:

Criteria	Weight
Essential Operational and Cash Management Functions <ul style="list-style-type: none"> • Meet settlement windows for receipt of collected funds • Report daily deposits in accurate and timely manner • Capacity to customize merchant identification numbers (MIDs) • Capacity to customize invoicing and invoice multiple merchants • Robust online reporting platform for client reporting and inquiry needs 	40%
Essential Compliance and Security-Related Functions <ul style="list-style-type: none"> • Assist State in understanding and complying with industry standards • Maintain required certifications and compliance with industry standards • Meet State security standards as defined by the State of Delaware Information Security Policy, found at dti.delaware.gov/information/standards • Use best practices to collect, store, encrypt and transmit State data 	20%
Vendor Reputation, Quality and Industry Standing <ul style="list-style-type: none"> • Industry ranking for and commitment to requested services • Capacity to innovation and meet unique requests for services • Reputation and client references 	20%
Pricing and Efficiency <ul style="list-style-type: none"> • Estimated annual fee, as reflected by the pro forma bid sheet • Commitment and ability to generate cost savings solutions for clients 	20%

2. Proposal Clarification

The Evaluation Team may communicate with a vendor in order to clarify uncertainties or gain better understanding of a proposal. Vendors may not

modify proposals as a result of such communication, and they must provide requested information in a timely manner.

3. References

The Evaluation Team will communicate with all references provided by a vendor, and may use information gained in the evaluation process. Further, the Evaluation Team may communicate with any known client of a vendor outside of the reference list, and any information gained may be used in the evaluation process.

4. Oral Presentations

The Evaluation Team may invite selected vendors to make in-person oral presentations to the Evaluation Team. *Any costs associated with oral presentations will be borne by the vendor.*

5. On-site Visits

The Evaluation Team may make site visits to key vendor processing and/or administrative facilities as part of the evaluation process. *Any costs associated with site visits will be borne by the State.*

V. RFP Issuance and Submission of Proposals

A. RFP Issuance

1. Public Notice

Public notice of this RFP has been provided in accordance with 29 Del. C. §6981.

2. Publication of this RFP

This RFP is published in electronic form only. It is available at the following websites:

<http://bids.delaware.gov/>
<http://treasurer.delaware.gov/rfps.shtml>
<http://nast.net>

3. Assistance to Vendors with a Disability

Vendors with a disability may receive reasonable accommodation regarding the means of communicating this RFP or participating in the procurement process. For more information, contact the Designated Contact (as defined below) no later than fourteen days prior to the deadline for receipt of proposals.

4. RFP Designated Contact

All communication about this RFP shall be made via email to the Designated Contact at the following address: *james.didonato@state.de.us*

Vendors should rely only on written statements issued by the Designated Contact.

The Vendor must designate a single point of contact, who will be responsible for coordinating all internal Vendor communication. The Designated Contact will only communicate with that one person for each Vendor.

5. Contact with Consultants and Legal Counsel

The State of Delaware may retain consultants or legal counsel to assist in the review and evaluation of this RFP and the Vendors' responses. Vendors shall not contact the State's consultant or legal counsel on any matter related to the RFP unless so instructed in writing by the Designated Contact.

6. Contact with Other State Employees

Direct contact with State of Delaware employees other than the Designated Contact regarding this RFP is expressly prohibited without prior written consent of the Designated Contact. Vendors directly contacting State of Delaware employees risk elimination of their proposal from further consideration. Exceptions exist only for organizations currently doing business in the State that require contact in the normal course of doing that business.

7. Organizations Ineligible to Bid

Any individual, business, organization, corporation, consortium, partnership, joint venture or other entity currently debarred, suspended or otherwise ineligible to conduct business in the State of Delaware for any reason is not eligible to respond to this RFP.

8. Exclusions

The Evaluation Team reserves the right to refuse to consider any proposal from a Vendor that:

- a. Has been convicted for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or in the performance of the contract;
- b. Has been convicted under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or other offense indicating a lack of business integrity or business honesty that currently and seriously affects responsibility as a state contractor;
- c. Has been convicted or has had a civil judgment entered for a violation under state or federal antitrust statutes;
- d. Has violated contract provisions such as:

1. Knowing failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
 2. Failure to perform or unsatisfactory performance in accordance with terms of one or more contracts;
- e. Has violated ethical standards set out in law or regulation; or
- f. Has violated any other regulation of the State of Delaware determined to be serious and compelling as to affect responsibility as a state contractor.

9. No Press Releases or Public Disclosure

OST reserves the right to pre-approve any news or broadcast advertising releases concerning this RFP, the resulting contract, the work performed, or any reference to the State of Delaware with regard to any project or contract performance. Any such news or advertising releases pertaining to this RFP or resulting contract shall require the prior express written permission of OST.

Notwithstanding the foregoing, the State of Delaware will not prohibit or otherwise prevent the awarded Vendor(s) from direct marketing to the State of Delaware's agencies, departments, municipalities, and/or any other political subdivisions; provided that, no Vendor shall use the State's seal or imply preference for the solution or goods provided.

10. RFP Not an Offer

This RFP does not constitute an offer by OST or the State of Delaware.

11. Right to Cancel RFP

OST reserves the right to cancel this RFP at any time during the procurement process, for any reason or for no reason. OST makes no commitments, expressed or implied, that this process will result in a business transaction with any Vendor.

12. Revisions to the RFP

If it becomes necessary to revise any part of the RFP, an addendum will be posted with the original RFP at:

<http://bids.delaware.gov/>
<http://treasurer.delaware.gov/rfps.shtml>
<http://nast.net>

B. Submission of Proposals

1. Acknowledgement of Understanding of Terms

By submitting a proposal, a Vendor shall be deemed to acknowledge that it has carefully read all sections of this RFP, including all forms, schedules and attachments hereto, and has fully informed itself as to all existing conditions

and limitations, including, without limitation, any minimum requirements herein.

A Vendor should describe in detail on Attachment 5 any areas where it will be unable to provide services as requested. In addition, if a Vendor is willing to provide the services exactly as requested, but believes that there would be benefits (such as cost savings or improved service) to making adjustments to the services outlined, the Vendor should describe the adjustments and the benefits on Attachment 5. Acceptance or rejection of any or all exceptions is within the sole discretion of OST.

Upon receipt of Vendor proposals, each Vendor shall be presumed to be thoroughly familiar with all specifications and requirements of this RFP. The failure or omission to examine any form, instrument or document shall in no way relieve a Vendor from any obligation with respect to this RFP.

Vendors must respond to all mandatory requirements presented in this RFP. The words “shall”, “will” and/or “must” are used herein to designate a mandatory requirement. Failure to respond to a mandatory requirement may, at OST’s discretion, cause the disqualification of a Vendor’s proposal.

2. Proposal Deliveries

The vendor will submit ten paper copies and six electronic copies on CD, DVD or USB drive. One of the ten hard copy proposals will be clearly labeled as the “master” copy.

The deadline for submissions is 4:00 p.m. EST on March 31, 2016. The bid package delivery address is:

Office of the State Treasurer
Attention: Merchant Services Bid
820 Silver Lake Boulevard, Suite 100
Dover, DE 19904

The vendor bears the risk of delays in delivery.

3. Proposal Modifications

Any changes, amendments or modifications to a proposal must be made in writing, submitted in the same manner as the original proposal and conspicuously labeled as a change, amendment or modification to a previously submitted proposal. Changes, amendments or modifications to proposals shall not be accepted or considered after the hour and date specified as the deadline for submission of proposals.

4. Proposal Costs and Expenses

The State of Delaware will not pay any costs incurred by any Vendor associated with any aspect of responding to this RFP, including proposal

preparation, printing or delivery, attendance at Vendor's conference, system demonstrations or negotiation process.

5. Proposal Expiration Date

Prices quoted in the proposal to this RFP shall remain fixed and binding on the Vendor for no less than six months from the proposal submission deadline. The State of Delaware reserves the right to ask for an extension of time if needed.

6. Late Proposals

Proposals received after the specified date and time will not be accepted or considered. Late proposals will be destroyed or returned to Vendor at Vendor's request and at Vendor's cost. To document compliance with the deadline, each proposal will be date and time stamped upon receipt.

7. Proposal Opening

The Designated Contact will open proposal packages in the presence of OST witnesses, and will establish a list of all Vendors submitting proposals. There will be no public opening of proposals.

8. Non-Conforming Proposals

Non-conforming proposals will not be considered. Non-conforming proposals are defined as those that do not meet the requirements of this RFP. The determination of whether an RFP is non-conforming shall reside solely with the State of Delaware.

9. Concise Proposals

The State of Delaware discourages overly lengthy and costly proposals and prefers that proposals be prepared in a straightforward and concise manner. Unnecessarily elaborate brochures or other promotional materials beyond those sufficient to present a complete and effective proposal are not desired. The State of Delaware's interest is in the quality and responsiveness of the proposal.

10. Realistic Proposals

Proposals must be realistic and must represent the best estimate of time, materials and other costs including the impact of inflation and any economic or other factors that are reasonably predictable. The State of Delaware expects that Vendors can fully satisfy the obligations of the proposal in the manner and timeframe defined within the proposal. The State of Delaware shall bear no responsibility for a Vendor's failure to accurately estimate the costs or resources required to meet the obligations defined in the proposal.

11. Confidentiality of Documents

Subject to applicable law or the order of a court of competent jurisdiction to the contrary, all documents submitted as part of a Vendor's proposal will be treated as confidential during the evaluation process. As such, proposals will not be available for review by anyone other than OST, the Evaluation Team

or their designated agents. There shall be no disclosure of any Vendor's information to a competing Vendor prior to award of the contract unless such disclosure is required by law or by order of a court of competent jurisdiction.

The State of Delaware and its constituent agencies are required to comply with the State of Delaware Freedom of Information Act, [29 Del. C. § 10001, et seq.](#) ("FOIA"). FOIA requires that the State of Delaware's records are public records (unless otherwise declared by FOIA or other law to be exempt from disclosure) and are subject to inspection and copying by any person upon a written request. Once a proposal is received by the State of Delaware and a decision on a contract award is made, the content of selected and non-selected Vendor proposals will likely become subject to FOIA's public disclosure obligations.

The State of Delaware wishes to create a business-friendly environment and procurement process. As such, the State respects that Vendors desire to protect intellectual property, trade secrets, and confidential business information (collectively referred to herein as "confidential business information"). If a Vendor feels that it cannot submit a proposal without including confidential business information, it must adhere to the following procedure or such proposal may be deemed unresponsive, may not be recommended for selection, and any applicable protection for the Vendor's confidential business information may be lost.

In order to allow the State to assess its ability to protect confidential business information, Vendors will be permitted to designate appropriate portions of their proposal as confidential business information.

Vendors may submit portions of a proposal considered to be confidential business information in a separate, sealed envelope labeled "Confidential Business Information" and include the specific RFP number. The envelope must contain a letter from the submitting Vendor's legal counsel describing the documents in the envelope, representing in good faith that the information in each document is not "public record" as defined by 29 Del. C. § 10002, and briefly stating the reasons that each document meets such definitions.

Upon receipt of a proposal accompanied by such a separate, sealed envelope, the State of Delaware will open the envelope to determine whether the procedure described above has been followed. A Vendor's allegation as to its confidential business information shall not be binding on the State. The State shall independently determine the validity of any Vendor designation as set forth in this section. Any Vendor submitting a proposal or using the procedures discussed herein expressly accepts the State's absolute right and duty to independently assess the legal and factual validity of any information designated as confidential business information. Accordingly, Vendors assume the risk that confidential business information included within a proposal may enter the public domain.

12. Discrepancies and Omissions

Vendor is fully responsible for the completeness and accuracy of its proposal, and for examining this RFP and all addenda. Failure to do so will be at the sole risk of Vendor. Should Vendor find discrepancies, omissions, unclear or ambiguous intent or meaning, or should any questions arise concerning this RFP, Vendor shall notify the Designated Contact, in writing, of such findings at least fourteen (14) days before the deadline for receipt of proposals. This will allow issuance of any necessary addenda. It will also help prevent the opening of a defective proposal and exposure of Vendor's proposal upon which award could not be made. All unresolved issues should be addressed in the proposal.

Protests based on any omission or error, or on the content of the RFP, will be disallowed if these faults have not been brought to the attention of the Designated Contact, in writing, at least ten (10) calendar days prior to the deadline for receipt of proposals.

13. RFP Question and Answer Process

OST will allow written (email) requests for clarification of the RFP, ending on the date provided in the table on Page 1. Questions and answers will be compiled into a comprehensive document with vendor names removed, which will be placed on the website with the original RFP. Questions about the RFP must refer to the specific page, section, paragraph and/or text. The vendor will submit questions to the Designated Contact.

14. State's Right to Reject Proposals

OST reserves the right to accept or reject any or all proposals or any part of any proposal, to waive defects, technicalities or any specifications (whether they be in OST's specifications or Vendor's response), to sit and act as sole judge of the merit and qualifications of each proposal offered, or to solicit new proposals on the same project or on a modified project which may include portions of the originally proposed project as OST may deem necessary in the best interest of the State of Delaware.

15. Receipt of Proposal Not a Contract

Vendor's submission of a proposal in connection with this RFP may result in OST selecting Vendor to engage in further discussions and negotiations toward execution of a binding contract. Neither the award of this RFP nor the commencement of such negotiations, constitutes a commitment by OST to execute a contract or to consummate negotiations.

16. Notification of Withdrawal of Proposal

Vendor may withdraw its proposal by written request, provided that both proposal and request is received by OST prior to the proposal due date. Proposals must be re-submitted prior to the proposal due date in order to be considered further.

17. Proposal Constitutes an Offer

All proposals received are considered firm offers if not withdrawn in writing prior to the proposal submission deadline.

18. Award of RFP

The final award of a contract is subject to approval by OST in its sole discretion. OST has the sole right to select the successful Vendor(s) for award, to award a contract to other than the lowest priced proposal, to award multiple contracts, or not award a contract.

19. Binding Agreement

Notice in writing to a Vendor of the acceptance of its proposal by OST and the subsequent full execution of a written contract pursuant to the terms below will constitute a binding agreement. No Vendor will acquire any legal or equitable rights or privileges until the occurrence of both such events.

C. Contract Process

1. Formal Contract

Vendor(s) receiving an award of this RFP will be expected to enter into a formal contract with OST in the form attached hereto as Appendix B, as modified by the additional contract terms set out in sub-section 2 below. Vendors must note any material objections to the formal contract attached as Appendix B on the schedule of exceptions attached hereto as Attachment 5. A Vendor's subsequent negotiation of the terms of the standard contract not noted on Attachment 5 may result in cancellation of the award of the RFP to such Vendor.

2. Modification of Contract Terms

OST reserves the right to modify the terms and conditions of the standard contract attached hereto as Appendix B, subject to negotiation with Vendor in accordance with the exceptions taken and recorded on Attachment 5. Any modifications to the standard contract shall be determined by OST in its sole discretion, and OST may terminate such negotiations at any time for any reason, or for no reason.

3. Supplemental Terms

The formal contract may be supplemented with ancillary agreements specifically identified by the Vendor and agreed to by OST. The terms and conditions of any such agreements are subject to negotiation with the Vendor during the time frame set out below.

4. Time Frame

The successful Vendor shall promptly execute a contract as set out above within twenty (20) business days after award of the RFP. If no final contract has been executed by such date, OST reserves the right to cancel the award of this RFP to such Vendor and make a new award of the RFP to another Vendor.

5. Provision of Services

No Vendor is to begin any service prior to the execution of a formal contract by OST and the Vendor.

6. Cancellation of RFP Award

If the Vendor to whom the award is made fails to enter into a final contract as herein provided, the award will be annulled, and an award may be made to another Vendor.

7. Collusion or Fraud

Any evidence of agreement or collusion among Vendors acting to illegally restrain freedom from competition by agreement to offer a fixed price, or otherwise, will render the proposals of such Vendors void.

By responding to this RFP, the Vendor shall be deemed to have represented and warranted that: (i) its proposal is not made in connection with any competing Vendor submitting a separate response to this RFP; (ii) its approval is in all respects fair and without collusion or fraud; (iii) the Vendor did not participate in the RFP development process and had no knowledge of the specific contents of the RFP prior to its issuance; and (iv) no employee or official of OST participated directly or indirectly in the Vendor's proposal preparation.

8. Lobbying and Gratuities

Lobbying or providing gratuities shall be strictly prohibited. Vendors found to be lobbying, providing gratuities to, or in any way attempting to influence a State of Delaware employee or agent of OST concerning this RFP or the award of a contract resulting from this RFP shall have their proposal immediately rejected and shall be barred from further participation in this RFP.

The selected Vendor will warrant that no person or selling agency has been employed or retained to solicit or secure a contract resulting from this RFP upon agreement or understanding for a commission, or a percentage, brokerage or contingent fee. For breach or violation of this warranty, OST shall have the right to annul any contract resulting from this RFP without liability or, at OST's sole discretion, deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

All contact with State of Delaware employees, contractors or agents of OST concerning this RFP shall be conducted in strict accordance with the manner, forum and conditions set forth in this RFP.

9. Solicitation of State Employees

During the RFP process, Vendors shall not, directly or indirectly, solicit any employee of OST to leave OST's employ in order to accept employment with

the Vendor, its affiliates, actual or prospective contractors, or any person acting in concert with Vendor, without prior written approval of OST. Solicitation of OST employees during the RFP process by a Vendor may result in rejection of the Vendor's proposal.

VI. Attachments and Appendices

Attachment 1	Questionnaire
Attachment 2	Pro Forma Bid Sheet
Attachment 3	Confidential Information Form
Attachment 4	Business References
Attachment 5	Exception Form
Attachment 6	Non-Collusion Statement
Attachment 7	Employing Delawareans Report
Appendix A	Scope of Services
Appendix B	Professional Services Agreement
Appendix C	Processing Statistics

Attachment 1: Questionnaire

CONTRACT NUMBER: TREAS-1602-MERCHSERV

This questionnaire is also provided in MS Word format to facilitate inserting responses after each question. It's imperative that all questions are completely answered. The completed hard copy questionnaire will be inserted into the proposal and comprise its own tab.

Vendor Overview

1. Describe your company in terms of:
 - Inception and length of time providing merchant services.
 - Hierarchy, including your relationship to sister or parent organizations.
 - Management team, as well as the background and qualifications of the individuals who will service the State's account, including their tenure with your company.
 - Mergers or acquisitions that have happened in the past three years, and those which are anticipated in the future.
 - Subcontractors.
2. How many clients you now have in the following categories:
 - State government (entire state).
 - State agency (a division of state government).
 - Municipal or county with \$1 billion budget.
 - Annual settlements greater than \$100 million (government or private).
 - More than 100 merchants (MIDs) in relationship.
3. What is your company's:
 - Average daily transaction volume?
 - Daily transaction capacity with current equipment and staffing?
 - Average daily gross dollar volume?

Where would the State rank in terms of transaction volume and dollar volume? What are the volumes of your largest client? *(It is not necessary to name that client.)*

4. Detail any alliances with "back end" processors, such as FDMS and TSYS? Subcontractors that you employ? Please explain each party's role in the State's card processing.
5. Describe any SEC or other material litigation, action or sanctions against your firm, its subsidiaries, or contracted third party processors that is presently pending or that was resolved (favorably or unfavorably) in the prior five years, as it relates to this RFP.
6. List and describe any significant contributions your firm has made in provision of the requested services that differentiates you from your competitors.
7. Describe and/or provide your firm's core values, governing principles, and mission statement. How do these traits and/or goals relate to your firm's provision of the requested services? Why do they make your firm a "good fit" for this engagement?

8. Are you currently certified with Govolution to pass transaction information? Cybersource? Other third parties?

Note: As noted elsewhere, Govolution currently provides an internet gateway service, through which some merchant transactions are passed to the card processor, and web-based ACH debit transactions are passed to The Bank of New York Mellon.

9. Provide the last two years of audited financial statements for your company, plus the most recent statements for unaudited periods (Refer to Section IV-A of this RFP).

EMV and Chip Card

Note: The State has begun – but not completed – the process of becoming compliant with Europay-MasterCard-Visa standards and chip-based card usage. It's understood that these standards will continue to evolve over time, and that, accordingly, the State must respond.

1. Explain your EMV chip capability, including your certifications with the card associations and hardware vendors. Are you currently EMV certified with Govolution?
2. Do you now support "Chip and PIN" authentication?

Note: Though "Chip and signature" is the current standard for credit card issuers, it's possible that "Chip and PIN" authentication may become more widespread and, thus, implemented during the term of this contract.

3. For Card Not Present transactions involving chip cards, explain your ability to support one-time passwords (such as MasterCard's "Chip Authentication Program"), Visa's 3-D Secure program, and other EMV-related fraud prevention protocols. What security technology do you employ that separates you from your competitors?
4. Describe the active role you would play with your own resources in leading the State toward EMV compliance.
5. Regarding internet connectivity for virtual terminal merchants, do you support:
 - Ethernet connectivity? If so, does this require a separate static IP address for each merchant?
 - USB connectivity? What card USB "dip" reader do you support? What is its cost?

Authorization and Settlement

1. Provide a flow diagram (with narration) that describes a typical State transaction cycle. Include Discover and American Express in your explanation.

Note: American Express settles its own transactions and directly invoices those agencies which conduct AmEx transactions.

2. What is the procedure to reverse an incorrect authorization? Do you support adjustments and voids before batches are transmitted?
3. What connectivity methods (dial-up, frame relay, internet, etc.) do you support, and which do you recommend?

Note: The State's POS terminals are EMV-capable and currently connected to the processor via Ethernet drops or telephone dial-up.

4. For both manual and "auto settle" merchants, what are your batch transmission cutoff times to meet your settlement schedules? When will the State receive ledger credit in its bank account for:
 - A web transaction (initiated by the cardholder) that occurs on a Tuesday at 10:00 p.m.?
 - A POS transaction that is manually batched and transmitted on a Tuesday at 4:00 p.m.?
 - A POS transaction that is manually batched and transmitted on a Tuesday at 9:00 p.m.?
 - A POS transaction on a Tuesday at 11:00 p.m. where the batch is auto-settled?

5. What is your sponsoring bank that will handle settlement funding? How long have you had the relationship? Do you have a secondary sponsoring bank?
6. Assuming one bank account per merchant, what is the limit on the number of bank accounts to which the State may route funds?

Note: Card revenue from most State merchants is routed to a single bank account. However, some merchants are allowed to route funds to their own special accounts.

7. Are settlement amounts listed separately on the bank statement or will they appear as one lump sum? Will Saturday and Sunday activity be combined with Friday's activity? Reported separately? What are your limitations on:
 - The number of batches that can be transmitted daily?
 - The number of transactions in each batch for POS merchants? Virtual merchants? Web merchants?
 - The number of Terminal IDs (TIDs) that may be set up under a single MID? Will each TID be able to have unique batching and reporting?

Note: The ability to break out individual locations (TIDs) underneath a particular MID is particularly important with virtual terminals. For web-based merchants, each TID may be used for a different purpose or type of product.

8. Will the merchant number travel through from the merchant location to the deposit bank?

Note: It is the depository bank's daily file transmission that will be used to reconcile merchant batches in the State's automated accounting system.

9. Describe your notification process when a batch transmission fails.
10. Will you generate a unique batch reference number that will stay with the batch throughout the payment cycle?
11. Describe the procedure for nightly batch notifications, including any exception processing.

Retrievals and Chargebacks

1. Describe the ticket retrieval request process, including timeframes and methods of notifying the merchant.
2. What chargebacks percentage is handled without merchant involvement?
3. How often are chargebacks reversed? Is the reversal rate different for your government clients than it is for private sector clients?
4. Will State merchants contact a specific, designated person to handle chargebacks? Or will they contact a general department?
5. Are credit card chargebacks and other debit adjustments netted from daily proceeds, or are they separately debited? Are funds debited from the operating account or a separate escrow account?
6. Do you have the capability to store and retrieve transaction information, including signatures for bank card transactions and non-bank card transactions? If so, do merchants have access to that information (via online or other means)?

Debit Card Processing

Debit cards are used more frequently than credit cards with State merchants. However, the use of PIN-based debit is small when compared to signature-based debit. Though Dodd-Frank in 2011 narrowed the fee gap between the two methods, PIN-based debit transactions are still preferred, if only for their ability to mitigate fraud and chargebacks.

1. Do you support BIN (Bank Information Number) file management to differentiate between debit card and credit card transactions?
2. Describe your debit card processing capabilities, including:
 - National networks through which transactions are processed.
 - Funding schedule for both PIN-based and signature-based debits.
 - Ability to process web-based online debit transactions.
3. How can you help the State increase the use of PIN-based debit?

System Capabilities

1. As opposed to your “front end” services, describe the “back end” processing platforms that would be used with your recommended solution. Please cite advantages and disadvantages.
2. Is your processing software CPS (Custom Payment Service) compliant?
3. Does your processing software support capturing Purchasing Card Levels II and III data?

Data Security and PCI DSS Compliance

1. How would State merchant data transmissions – both authorizations and batch settlements – be protected against data compromise? Discuss any temporary or “alias” card numbers and transaction numbers you may use.
2. What’s your relationship – either third party or internal – to provide assessor services for testing PCI security? What is the benefit for the State to use that assessor?
3. Do you have the internal resources (without an outside assessor) to occasionally audit the State’s PCI compliance and make recommendations to remedy deficiencies? If yes, at what intervals?

Disaster Recovery / Continuity of Operations

1. Describe your back-up and/or redundant systems, including:
 - Hot site back-up capabilities and testing
 - Locations of alternate processing sites
 - Time required to switch from primary to alternate sites during a catastrophic event. Include any effect a processing site switch would have on individual merchants.
2. Describe the last time that use of your back-up system was required, the circumstances and the length of time the backup system was in use.

Information Reporting

1. For both the Designated Contact and those managers at the State agency level, describe your routine reports that can be used to summarize fees, authorizations and revenue. Please include:
 - Delivery methods available
 - Standard delivery times (availability)
 - Chaining or grouping of merchants under a single agency

Note: Provide samples of these reports in TAB I of your proposal.

2. For individual merchants, what transaction and batch reports are available? for transactions, refunds, batches and chargebacks?

- Will the header information include the MID and DBA name?
 - Are merchant reports stamped with approval codes and processing dates?
 - What tools are available for agency supervisors to analyze transaction types (in terms of interchange categories) for the purpose of improving efficiencies?
 - What types of reports are available to supervisors? Chargebacks? Refunding? Others?
3. For agencies (groups of merchants), what reporting is available? Include formats.
 - What “diagnostic” tools are available to help the agency be more efficient?
 - Can individual merchants be rolled up into a group summary?
 - Can the group supervisor manage report access by individual merchants?
 4. For headquarters (OST), what relationship-wide reports are available?
 - Can activity be sorted by at least three tiers: merchant, agency and State?
 - What report is available to support the monthly processing invoice?
 - What controls does the Designated Contact have to manage reporting access among agencies?
 - Will you provide monthly paper summary reports to the Designated Contact? If so, is there a fee for this service?
 5. Aside from routine, periodic reports, what non-routine reporting is available through the Relationship Manager? How long do you store data for reporting purposes? What is the normal turnaround time on ad hoc report requests?
 6. How long have you been using your current online reporting system? Is it your own in-house “organic” system or is it provided through an alliance with another party? Do you have plans to migrate to another system or significantly upgrade your current system? Please fully explain.
 7. What length of time is data stored? That is, how far back can data be retrieved for reports be created for printing and download? In what formats (xlsx, pdf, docx, etc.) are they available?
 8. What types of Discover and American Express information is available on your website?

Merchant Conversion

1. Describe the process of migrating the State’s merchants from their current system to your system in terms of:
 - Timetable from when contract award is accepted
 - Assigning a project manager and transition support team
 - Converting existing merchant numbers, TIDs and MIDs
 - Training merchants
 - Hardware changes (if any)

Note: The State prefers to migrate merchants with their respective groups or agencies. For example, all Parks and Recreation merchants should migrate at the same time.

2. Specify the persons, by name and function, in your organization who have primary responsibility for merchant conversion (contract implementation).

Invoicing

1. Would you consider invoicing the State on a quarterly basis?

Note: The norm is for the State to receive quarterly invoices from all its banking relationships. Summary reporting is provided monthly, and the fees on those reports total to the quarterly invoice.

2. Will you provide invoices directly to designated State agencies (merchant groups)?

Note: As previously noted in Section II: Background, several agencies currently pay for their merchant services through direct invoicing. It is conceivable that the list may grow during this relationship.

Customer Service and Quality

1. Will you assign a dedicated Relationship Manager (RM) to the State relationship? A dedicated backup?
2. Explain the process for adding new locations and closing existing locations (e.g., assignment of merchant IDs, toll-free phone numbers, communications, turnaround time to add/delete locations).

3. Do you staff your own Help Desk or would you refer State merchants to the Help Desk of one of your alliances (such as a “back end” processor)? Please discuss availability times.

Note: Most State POS merchants operate during normal workday business hours, but some – such as courts – operate during extended hours.

4. Will the State be able to purchase new POS terminals and card readers through you? If so:
 - Will you support the hardware you provide? Returns and repairs? Installation?
 - Will the State receive pricing that is discounted? Marked up?

Note: As a result of the “EMV Liability Shift,” the State has begun using Ingenico iCT2050 for most POS merchants. The iPP320 is being considered as a card reader for virtual terminal merchants.

5. Describe your mechanism to provide periodic detailed feedback and suggestions to merchants regarding improving efficiencies and reducing chargebacks?

6. During the past three years, what was the longest period that you were unable to authorize transactions? Describe the situation, including the source of the problem and the time it took to fix the problem.
7. Describe your customer notification process during:
 - a. Scheduled outages
 - b. Unscheduled outages
 - c. System enhancements
8. Do you support a Customer User Group to solicit enhancements or other feedback? If so, when and where are they convened? Is the group customer led or company led?

Special Considerations

1. To help the State become more efficient and lower costs, will you conduct a “top down” review of its card acceptance program? Have you conducted relationship reviews in the past? Please briefly describe, including any known results. May we contact the clients?
2. Will you commit to keeping State merchants informed and educated through a pro-active communications program? If so, what channels would you use? Workshops? Webinars? Newsletters?

Note: Topics might include, for example, use of PIN debit, interacting with the Help Desk, handling chargebacks, and maintaining PCI DSS compliance.

3. In addition to merchant services, do you also provide other services that may add value to the State’s relationship? Internet gateway, for example?
4. Describe your ability to allow the State to manipulate the structure of the Merchant Identification number. Can the State control the entire number? Certain digits?

Note: The MID is a critical component of the overall card acceptance program. Currently, the State has complete flexibility to create and assign MIDs, which are then registered with the State’s accounting system – thus allowing for automated reconcilements. It is the State’s intention to maintain the current numbering scheme as much as possible. It would be unacceptable for the processor to assign randomly-generated MIDs to the State.

5. What products or attributes differentiate you from your competitors?
6. Briefly describe your experience working with clients – particularly governments – that assess convenience fees.

Note: The State has not yet assessed convenient fees, but would consider doing so under certain circumstances. A key component of a convenience fee program would be accounting – ensuring that the base fee and the convenience fee are reconciled to their separate funds.

Attachment 2: Pro Forma Bid Sheet

CONTRACT NUMBER: TREAS-1602-MERCHSERV

Pro Forma Bidding Specifications

Service	Volumes	Costs
NET SALES		
<i>Credit cards (incl. Amex, Disc)</i>	\$ 274,000,000	
<i>PIN Debit</i>	\$ 1,000,000	
Net Sales	\$ 275,000,000	
TRANSACTIONS		
<i>Credit cards (incl. Amex, Disc)</i>	1,600,000	
<i>PIN Debit</i>	100,000	
Total Transactions	1,700,000	
AUTHORIZATIONS		
<i>Credit cards (incl. Amex, Disc)</i>	1,700,000	
<i>PIN Debit</i>	100,000	
Total Authorizations	1,800,000	
MISCELLANEOUS		
<i>Chargebacks - Visa/MC</i>	200 for \$20,000	
<i>Chargebacks - Discover</i>	20 for \$2,000	
<i>Online reporting (monthly)</i>	12	
<i>Computer programming (hourly)</i>	10	
<i>Other:</i>		
<i>Other:</i>		
TOTAL ANNUAL FEE:		

Pro Forma Bidding Specifications (continued)

Note 1: It is assumed that the State will be able to create ad hoc reports via the vendor's online reporting system, and that this service is priced on a monthly access basis. Only one logon and/or password is required.

Note 2: It is assumed that some programming will be required during the term of this contract. Please provide the hourly programming rate, and also indicate if the State will be charged for any contract start-up programming.

I hereby attest that my organization has the means to provide the services described in this RFP and in our proposal.

Vendor Name: _____

Officer's Name: _____

Officer's Title: _____

Officer's Signature: _____ Date: _____

Attachment 3: Confidential or Proprietary Information Form

CONTRACT NUMBER: TREAS-1602-MERCHSERV

- ☐ By checking this box, the vendor acknowledges that its proposal does not contain any information it declares to be confidential or proprietary for the purpose of production under 29 Delaware Code, Chapter 100, Delaware Freedom of Information Act.

Confidentiality or Proprietary Information

Note: Use additional pages as necessary.

Attachment 4: Business References

CONTRACT NUMBER: TREAS-1602-MERCHSERV

Please complete all the fields on this form to provide your reference information. Do not list any State of Delaware employee as a business reference. If you have held a State of Delaware contract within the last 5 years, you may provide a separate list of the contract(s) and contact(s).

1.	Contact Name & Title:	
	Business Name:	
	Address:	
	Email:	
	Phone # / Fax #:	
	Current Vendor? (Y/N):	
	Years Performing Merchant Services Work:	

2.	Contact Name & Title:	
	Business Name:	
	Address:	
	Email:	
	Phone # / Fax #:	
	Current Vendor? (Y/N):	
	Years Performing Merchant Services Work:	

3.	Contact Name & Title:	
	Business Name:	
	Address:	
	Email:	
	Phone # / Fax #:	
	Current Vendor? (Y/N):	
	Years Performing Merchant Services Work:	

Attachment 5: Exception Form

CONTRACT NUMBER: TREAS-1602-MERCHSERV

Proposals must include all exceptions to the specifications, terms or conditions contained in this solicitation. If the vendor is submitting the proposal without exceptions, please state so below.

- ☐ By checking this box, the vendor acknowledges that they take no exceptions to the specifications, terms or conditions found in this solicitation.

[illegible]

Note: Use additional pages as necessary.

Attachment 6: Non-collusion Statement

CONTRACT NUMBER: TREAS-1602-MERCHSERV

This is to certify that the undersigned vendor has neither directly nor indirectly, entered into any agreement, participated in any collusion or otherwise taken any action in restraint of free competitive bidding in connection with this proposal submitted this date to the State of Delaware.

This is to further certify that the signed delivery of this bid represents the vendor's acceptance of the terms and conditions of this invitation to bid including all specifications and special provisions. This statement is signed by an official of the bank who is authorized to enter the bank into a legal agreement with the State of Delaware.

Please type the following information.

NAME OF BANK _____

ADDRESS OF BANK _____

AUTHORIZED OFFICIAL _____

TITLE OF OFFICIAL _____

SIGNATURE OF OFFICIAL _____

FEDERAL EMPLOYER IDENTIFICATION. NUMBER _____ DELAWARE BUSINESS LICENSE NUMBER _____

THIS PAGE MUST BE SIGNED AND NOTARIZED.

Sworn and subscribed before me this ____ day of _____, 2016.

Notary Public _____ My commission expires _____

City of _____ County of _____ State of _____

Name of Notary Public _____ Signature _____

Attachment 7: Employing Delawareans Report

CONTRACT NUMBER: TREAS-1602-MERCHSERV

As required by House Bill # 410 (Bond Bill) of the 146th General Assembly and under Section 30, no bid for any public works or professional services contract shall be responsive unless the prospective vendor discloses its reasonable, good-faith determination of:

1. Number of employees reasonably anticipated to be employed on the project: _____
2. Number of such employees who are bona fide legal residents¹ of Delaware: _____
3. Percentage of such employees who are bona fide legal residents of Delaware: _____
4. Total number of employees of the vendor: _____
5. Total percentage of employees who are bona fide resident of Delaware: _____

If subcontractors are to be used:

1. Number of employees who are residents of Delaware: _____
2. Percentage of employees who are residents of Delaware: _____

¹ "Bona fide legal resident" shall mean any resident who has established residence of at least 90 days in the State.

Appendix A: Scope of Services

CONTRACT NUMBER: TREAS-1602-MERCHSERV

A. General

1. Possess and maintain necessary certifications to safely and securely process all Visa, MasterCard, Discover and American Express transactions, either card present or card not present, by any and all of the following means:

- Point-of-Sale terminal
- Virtual (PC-based) terminal
- Software solutions (such as IC Verify)
- Telephone Voice Response Unit (voice or touch-tone)
- Internet (web-based)

2. Have or obtain certification with Govolution, Inc., for the purpose of transmitting transaction data.

Note: While gateway services are distinct from traditional bank card processing services – and, thus, the scope of this RFP – vendors may include in their proposals a separate section that showcases their own gateway services.

B. Merchant Accounts and Hierarchy

1. Create and maintain a multiple-tier merchant hierarchy. At a minimum, these tiers will include:

- Headquarters: Office of the State Treasurer
- Division or Chain: Groups of merchants, usually all in a single agency
- Individual outlet: Each outlet (merchant) usually has its own merchant number

Note: The vendor may supplement this basic scheme in order to facilitate invoicing and reporting. For example, Terminal IDs (TIDs) may be used. The vendor may propose an alternative hierarchy scheme as long as it maintains the State's ability to conduct ad hoc reporting and special invoicing.

2. While OST historically receives and processes monthly invoice for the vast majority of state merchants, the incumbent vendor currently directly invoices the seven merchant groups within State government that represent the largest shares of transaction volume. OST may expand the use of separate invoicing to merchant groups, so that more agencies are directly responsible for their processing fees. **In that event, the vendor must agree to follow the invoicing directives of OST, which are not likely to exceed 20 separate invoices.**

3. The vendor will establish and maintain all merchant accounts, to include merchant identification numbers (MIDs) and terminal identification numbers (TIDs).

Accounts will be established and ready for activation within 10 business days of receiving a written request with necessary information from the Designated Contact. The vendor will provide the Designated Contact with MIDs and TIDs when the accounts are established.

Note: Even though a single merchant number can be used for numerous outlets, the State's current scheme is for each outlet to have its own MIDs and TIDs. While this scheme increases the amount of merchant numbers, it facilitates reporting, trend analysis and troubleshooting. See the description in the RFP for more detail on this scheme.

C. Transaction Processing. The vendor will employ industry standards and best practices in connection with all aspects of transaction processing, including without limitation:

1. Authorization.
 - a. Perform an exact validation on the credit card number and the credit card expiration date.
 - b. Support timeout reversal requests.
 - c. Ensure that each transaction is assigned a unique identification number that will be stored and remain with the transaction through the transaction cycle, including authorization, adjustments, settlement, funding and reconciliation.
 - d. Return an "accept" or "decline" message to the merchant within an industry-acceptable timeframe.
 - e. Support Address Verification Service (AVS) and Security Code (Visa CVV2, MasterCard CVC or Discover CID) data in authorization requests for transactions where either the card is not present or the magnetic strip is not readable.
 - f. Support adjustments (edits) and voids before transactions are settled.
 - g. Assign a unique identifier (reference number) to each authorization.
2. Settlement.
 - a. Support both manual and automatic settlement of batches.

Note: Currently, most State POS merchants manually settle their batches, while State virtual terminal and online merchants normally auto-settle.

- b. Cut off batch activity precisely when settlement occurs. For example, if a batch is manually settled once per day at 4:15 p.m., transactions processed at 4:16 will be part of the next day's batch.

c. Generate a unique batch reference number, approval notification, and confirmation of settlement/non-settlement. The batch reference number must stay with the batch throughout the payment cycle.

d. Allow the merchant to create batch settlement reports that provide both summary and detail information for all card types. At a minimum, report headers must include the merchant's DBA name and merchant number. They may also include the merchant's TID and address. The body of the report must include the settlement approval code and/or number and processing date.

e. Provide next-day ledger credit for all batch settlements, where the demand deposit collection account belongs to a banking institution and the merchant processor is part of that same institution. Where the DDA belongs to an external, non-affiliated banking institution, the State will receive two-day ledger credit on its batch settlements.

Note: For clarity, the following examples are provided:

Example 1: The Merchant Processor is ABC Merchant Services, a wholly owned subsidiary of ABC Bank. The State's DDA resides with ABC bank. Merchant X manually settles a batch at 4:00 p.m on Tuesday. The resulting deposit receives ledger credit on Wednesday morning.

Example 2: The Merchant Processor is ABC Merchant Services, but the State's collection account resides at DEF Bank. Merchant X manually settles a batch at 4:00 p.m on Tuesday. The resulting deposit receives ledger credit on Thursday morning.

e. Have a procedure in place to handle suspended (failed) batch transmissions. The procedure must include notification to the merchant so that the problem can be resolved in time to prevent the transactions in that batch from being downgraded by the associations.

f. Forward all transactions for further processing to the card associations, alliance partner, third-party provider or other entity, in a timely manner so that the transactions qualify for the appropriate interchange categories without downgrading, thus incurring the lowest possible pass-through fees to the State.

3. Transmission of data.

a. Accept transaction data (authorizations and/or settlement batches) by any of the following means:

- Dial-up
- Dedicated/Leased Line
- Frame Relay (TCPIP/FTP Protocol)
- Terminal-based transmission (PIP and non-PIP)

- Network Server to Network Server
- Server to Mainframe
- Mainframe to Mainframe

b. Initiate or relay data transmissions to other processors and/or card associations via secure means in accordance with industry-standard guidelines for speed, encryption and overall security. The vendor will be responsible for the loss or security compromise of all State transaction data in its possession, to include notifying cardholders when security is compromised and recreating transactions when data is lost.

4. Credits and refunds.

a. Allow the State to issue credits in the case of an error in payment amount, card number, return, etc. The system must be able to process and obtain authorization of credit/debit card returns for partial or full credit.

b. Provide separate reports at multiple levels, so that refunds may be mapped back to a specific agency location or entity, with summaries and totals being possible at the agency level.

5. Retrievals and Chargebacks.

a. Notify the merchant (or designated agency personnel) by fax or e-mail (as specified by the merchant) about any retrievals and chargebacks that have been initiated by a cardholder's bank. Notification will include:

- Original transaction date
- Merchant DBA name
- Merchant number
- Transaction number
- Cardholder account number
- Dollar amount
- Reason for the chargeback
- Letters or other documents from the cardholder

b. Receive requested information from the merchant via fax or email, and forward such information to the associations and/or card issuing bank as necessary. The vendor must confirm receipt of such faxes or emails.

c. Notify the State of the outcome of the chargeback process.

d. If the chargeback is approved, recover the discount fee and any other applicable costs associated with that transaction on behalf of the State.

e. If the chargeback is approved, debit a designated bank account for the amount of the chargeback.

Note: A retrieval is defined as a request for sales draft to support a transaction. A chargeback is defined as a transaction in which a cardholder disputes the validity of the transaction posted to his or her statement through the issuing bank. Once a chargeback is approved, the State reserves the right to cancel or withdraw any goods and services resulting from the original transaction. Thus, prompt notification from the vendor is essential.

D. Reporting.

1. Overview. In general, the vendor will provide two basic types of reports to the State:

- Routine reports. These are compiled on a periodic basis to specified persons at the State.
- Ad hoc reports. These reports are generated as needed for specific and non-routine purposes.

a. The State requires reports that deliver timely and accurate information in order to manage its overall bank card acceptance program.

b. The vendor is responsible for managing access to information by the merchants, whether the information is delivered via online reporting systems, email or hardcopy. This includes assigning viewing rights, where necessary.

Note: The intention is to ensure that merchants have access only to information that is germane to their own operations. Only the Designated Contact may have unrestricted, complete access.

c. Online reports must be available for both viewing and download, and data must be available for at least 12 months.

d. Reports should be available in either Microsoft Excel (preferred) or tab

e. The vendor's online reporting system must allow the user to create and save report templates.

2. Routine Reports. Aside from ad hoc reports, which will typically be requested by the Designated Contact through the vendor's RM (as defined below), the vendor will provide these routine reports:

a. Headquarters Summary Report. This statewide rollup report is generated monthly and is provided to the Designated Contact. It must be available in both electronic and hardcopy form. This report is significant, because it is a key document for supporting and approving the vendor's monthly invoice. It provides:

- Summary transaction and deposit information for each merchant

- Summary (rollup of all merchant summaries) transaction and deposit information for the statewide relationship
- Summary of interchange qualifications and pass-through fees
- Hardware rental and/or purchase information and fees
- Special programming information and fees
- Funding information – gross and net deposits for the month
- Refunds or adjustments due to the State

b. Merchant Summary Report. This is also generated monthly and is provided to the individual merchant (or a central office for a group of merchants). It must be available in both electronic and hardcopy form. It provides the same information as the Headquarters Summary Report, but at the individual merchant level and by date. The sum of all data shown on Merchant Summary Reports should equal the data shown on the Headquarters Summary Report.

c. Daily Funding Report. This report provides the amount that the vendor's sponsoring bank will send to the State's designated collection account each day. **The report must be timely and accurate, as this information is factored into the State's daily cash position.**

- This daily figure must be available by 10:00 a.m. each business day. OST prefers that the vendor "push" this information to OST via secure email or fax. However, OST may also "pull" the information via the vendor's secure website.
- This figure represents the net amount that was settled by State merchants the previous business day and that will "hit" the State's DDA that day.

3. Report Availability.

a. The Headquarters Summary Report and the Merchant Summary Report should be delivered to the respective recipients within 10 days of the close of the report period (normally one calendar month).

b. User-generated reports delivered via an online reporting system should be available within 24 hours after the close of the report period.

c. Ad hoc reports requested by the Designated Contact will be due at a time agreed upon with the Relationship Manager.

4. Report Retention.

a. The vendor will retain a copy of all vendor-generated routine reports, whether electronic or hardcopy, for at least six months. The vendor will be responsible for safeguarding all stored reports, particularly reports that contain cardholder information, so as to be compliant with Payment Card Industry (PCI) guidelines, association regulations and federal laws.

Note: It is particularly important that the monthly Headquarters Summary Report be archived for a period for at least six months.

b. The vendor will comply with all applicable industry guidelines and federal law pertaining to the storage period for financial information.

E. Customer Service. The vendor will maintain a superior quality of customer service consistent with industry best practices, including,

1. Assigning a dedicated Relationship Manager (“RM”) to the State.
 - The RM will be the principal contact for the Designated Contact on all matters.
 - The RM will be reasonably available during normal business hours via email and telephone.
 - The vendor will identify a backup to the RM at all times. .

2. Providing a customer service (“Help Desk”) telephone number to be used by the Divisions and individual merchants for routine questions and troubleshooting. The Help Desk must:

- Be able to access through its database all State special requirements and exceptions.
- Be available at all times, day and night.
- Be able to handle routine tasks such as re-programming terminals and ordering supplies.

Note: When merchants are unable to resolve problems via the Help Desk, they will escalate their issues to the Designated Contact, who will directly contact the RM for a resolution.

F. Payment Card Industry Data Security Standards. The vendor will be compliant with all relevant PCI standards, and must be able to show proof of such certification. In addition, the vendor will proactively manage the PCI compliance of all State agencies at no additional charge. As part of this role, the vendor will:

- Recommend third party assessors, and ensure agencies receive discounted pricing from assessors where appropriate.
- Assist OST in drafting an overall plan to achieve and maintain PCI compliance.
- Review current practices and recommend industry best practices where appropriate.
- Participate in PCI-related meetings and conference calls, as necessary, as the State’s advocate.

G. Invoicing.

1. The vendor will provide invoices to the Headquarters on a monthly basis that are based on 100 percent of collected revenue. That is, all revenue collected by merchants must be accounted for by the State's accounting system before payment may be made to the vendor. The vendor may not, under any circumstances, withhold revenue in order to "net" fees, without specific written permission from the state treasurer.

2. The vendor will provide special invoices directly to selected State agencies that are responsible for their own bank card processing expenses. As of this RFP issue date, these agencies each require one invoice:

- Division of Corporations (five merchants)
- Division of Revenue (three merchants)
- Division of Parks and Recreation (one merchant)
- Division of Motor Vehicles (seven merchants)
- Delaware Transit Corporation (two merchants)
- Delaware Economic Development Office (one merchant, currently inactive)

Note: Copies of these invoices should be sent to the Designated Contact, as OST maintains oversight for these merchants as well.

c. The RM should review all invoices before they are sent to the State. The invoice should not be sent directly from the vendor's invoice department to the State.

Note: This provision allows the vendor to make sure that there are no system-generated pricing errors, and that the invoice figures are totally supported by the monthly summary reports.

d. Invoices should include appropriate level of detail and subtotals that include, at a minimum, those fees that are related to the following:

- Authorization
- Interchange pass-through
- Special programming
- One-time or other special service
- Hardware purchase, rental or leasing
- Maintenance (for such items as frame relay)

Note: The vendor may not label any fee simply as "miscellaneous." Such action will result in the Designated Contact returning the invoice unpaid to the vendor.

e. All invoices should be created in a widely available format, such as Adobe Acrobat or Microsoft Excel, and sent via secure email (or mailed as hard copy at the request of the merchant or the Designated Contact)..

H. Hardware Support.

1. The State had deployed Verifone terminals for many years. However, as part of a project to prepare for the “EMV Liability Shift,” most merchants recently deployed the following hardware:

- Ingenico iCT250 Countertop – principal terminal for traditional POS merchants
- Ingenico iPP320 – used as a card reader for virtual terminal merchants

Note: Virtual terminal merchants normally use their agency network printers for transaction receipts and settlement reports.

Note: The Division of Motor Vehicles alone uses the Verifone XYZ terminal, which integrates with agency-developed applications. The agency’s choice of EMV-capable terminal will rest largely on the result of this RFP process.

2. The vendor will indicate in its proposal any of the above hardware that it does not fully support.

3. The State prefers to use the vendor as the sole source for hardware issues, including purchases, returns and training. The vendor will:

- a. Allow the State to purchase hardware elsewhere if the vendor does not provide competitive pricing and service.
- b. Pass through the hardware pricing from its supplier at no markup.
- c. Be the sole point of contact for all purchases, returns, and training. The State will not be required to interact with the hardware supplier.
- d. Replace broken equipment under warranty, when applicable.
- e. Recommend changes to the State’s hardware portfolio in order to take advantage of improved manufacturer/wholesaler pricing, newer technology and evolving State card processing strategies.

Appendix B: Professional Services Agreement

CONTRACT NUMBER: TREAS-1602-MERCHSERV

PROFESSIONAL SERVICES AGREEMENT for MERCHANT SERVICES ISSUED BY THE OFFICE OF THE STATE TREASURER

This Professional Services Agreement ("Agreement") is entered into as of _____, 20____ ("Effective Date") and will end on _____, 20____, by and between the State of Delaware, ("Delaware"), and _____, ("Vendor"), with offices at _____.

WHEREAS, Delaware desires to obtain those services set out in the Statement of Work on Exhibit 1 to this Agreement _____ on behalf of Delaware's Cash Management Policy Board ("Board");

WHEREAS, Vendor desires to provide such services to Delaware on the terms set forth below;

WHEREAS, Delaware and Vendor represent and warrant that each party has full right, power and authority to enter into and perform under this Agreement;

FOR AND IN CONSIDERATION OF the premises and mutual agreements herein, Delaware and Vendor agree as follows:

1. Services and Term.

- 1.1. Vendor shall perform for Delaware the services as specified on Exhibit 1 to this Agreement, attached hereto and made a part hereof, as well as such services or work as Delaware may request from time to time and for which the parties shall mutually agree (collectively, "Services").
- 1.2. If and when Delaware desires any addition or deletion to the Services or a change in the Services, it shall notify Vendor, who shall then submit to Delaware a "Change Order" for approval authorizing said change. The Change Order shall state whether the change shall cause an alteration in the price or the time required by Vendor for any aspect of its performance under this Agreement. To the extent set out herein, pricing of changes shall be consistent with those established within this Agreement. Any such changes in pricing shall be reflected in an amended and updated Exhibit 2 to this Agreement. No work for which additional compensation may be charged by Vendor shall be furnished, without the prior written authorization of Delaware.
- 1.3. The initial three-year term of this Agreement shall be from _____, 20____ through _____, 20____; provided that the initial term can be extended at Delaware's sole option for up to two additional one-year terms upon written notice to Vendor no later than 60 days prior to the expiration of the initial term or an optional term, as the case may be.

2. Payment for Services and Expenses.

- 2.1. Delaware will pay Vendor for the performance of Services in accordance with the payment schedule set out on Exhibit 2 attached hereto and made a part hereof.
- 2.2. Delaware's obligation to pay Vendor for the performance of Services will not exceed the fee amounts set out on Exhibit 2. It is expressly understood that the Services must be completed by Vendor and it shall be Vendor's responsibility to ensure sufficient competency and efficiency so that all Services are completed for the agreed upon fees.
- 2.3. Unless otherwise provided on Exhibit 2, all payments will be sent to the Vendor's identified address on record with Delaware's Division of Accounting as identified in the completion of the electronic W-9.
- 2.4. Vendor shall submit quarterly invoices to Delaware in sufficient detail to identify the Services provided during the previous quarter. Delaware agrees to pay those invoices within thirty (30) days of receipt. In the event that Delaware disputes all or any portion of an invoice, Delaware agrees to provide Vendor with a detailed statement of Delaware's position on the invoice, or disputed portion of the invoice, within thirty (30) days of receipt.
- 2.5. Unless provided otherwise in Exhibit 1, all expenses incurred in the performance of the Services are to be paid by Vendor. If Exhibit 1 specifically provides for expense reimbursement, Vendor shall be reimbursed only for reasonable expenses incurred by Vendor in the performance of the Services, including, but not necessarily limited to, travel and lodging expenses, communications charges, and computer time and supplies.
- 2.6. Delaware is a sovereign entity, and shall not be liable for the payment of federal, state and local sales, use and excise taxes, including any interest and penalties from any related deficiency, which may become due and payable as a consequence of this Agreement.
- 2.7. Delaware shall have the right to set aside or subtract from any payment to be made to Vendor all damages, costs and expenses caused by Vendor's negligence, resulting from or arising out of errors or omissions in Vendor's provisions of Services hereunder.
- 2.8. Invoices shall be submitted to:

**Manager of Banking Services
Office of the State Treasurer
820 Silver Lake Blvd., Suite 100
Dover DE 19904**

3. Time Schedule.

- 3.1. A project schedule is set out on Exhibit 3, if applicable, attached hereto and made part hereof.
- 3.2. Any delay of Services or change in the sequence of Services, as applicable, must be approved in writing by Delaware.
- 3.3. In the event that Vendor fails to complete the Services or any portion thereof within the time specified in Exhibit 3, or with such additional time as may be granted in writing by Delaware, or fails to perform the Services, or any separable part thereof, with such diligence as will insure its completion within the time specified in Exhibit 3 or any

extensions thereof, Delaware shall suspend the payments scheduled as set forth in Exhibit 2.

4. Responsibilities of Vendor.

4.1. Vendor shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all Services furnished by Vendor, its subcontractors and its and their principals, officers, employees and agents under this Agreement. In performing the Services, Vendor shall follow practices consistent with generally accepted professional and technical standards and comply with all applicable federal, state and local laws, ordinances, codes and regulations.

4.2. Vendor shall be responsible for ensuring that all Services, additional work, products and deliverables furnished pursuant to this Agreement comply with the standards promulgated by Delaware's Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of this Agreement. If any Service, additional work product or deliverable furnished pursuant to this Agreement does not conform to DTI standards, Vendor shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform to DTI standards. Vendor shall be and remain liable in accordance with the terms of this Agreement and applicable law for all damages to Delaware caused by Vendor's failure to ensure compliance with DTI standards.

4.2.1 Vendor shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all Services furnished to Delaware. Vendor shall follow practices consistent with generally accepted professional and technical policies and standards. Vendor shall be responsible for ensuring that all Services, products, and deliverables furnished to Delaware are consistent with practices utilized by, or policies and standards promulgated by, DTI published at <http://dti.delaware.gov/information/standards-policies.shtml>. If any service, product or deliverable furnished by Vendor does not conform to DTI's policies, standards or general practices, Vendor shall at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform to DTI's policies, standards or practices.

4.2.2 DTI is responsible for safeguarding the confidentiality and integrity of data in Delaware's computer files regardless of the source of those data or medium on which they are stored; e.g., electronic data, computer output microfilm (COM), tape, or disk. Computer programs developed to process Delaware agency data shall not be modified without the prior knowledge and written authorization of DTI. All data generated from the original source data, shall be the property of Delaware. The control of the disclosure of those data shall be retained by Delaware and DTI.

Vendor is required to agree to the requirements in the Confidentiality (Non-Disclosure) and Integrity of Data Agreement ("Data Agreement"), which is attached as Exhibit 4 and made a part of this Agreement. Vendor employees, individually, may be required to sign the Data Agreement prior to beginning any work.

4.2.3 As computer, network, and information security are of paramount concern, Delaware wants to ensure that computer/network hardware and software do not

compromise the security of its IT infrastructure. Therefore, Vendor, is guaranteeing that any system or software meets or exceeds the Top 20 Critical Security controls located at: <http://www.sans.org/critical-security-controls/>.

4.2.4 It shall be Vendor's duty to assure that all products of its effort do not cause, directly or indirectly, any unauthorized acquisition of data that compromises the security, confidentiality, or integrity of information maintained by Delaware. Vendor's agreement shall not limit or modify, liability for information security breaches, and Vendor shall indemnify and hold harmless Delaware, its agents and employees, from any and all liability, suits, actions or claims, together with all reasonable costs and expenses (including attorneys' fees) arising out of such breaches. In addition to all rights and remedies available to it in law or in equity, Delaware shall subtract from any payment made to Vendor all damages, costs and expenses caused by such information security breaches that have not been previously paid to Vendor.

4.2.5 Multifunction peripherals must be hardened when used or connected to the network. They should be configured to harden the network protocols used, management services, processing services (print, copy, fax, and scan), logging, and physical security. Care shall be taken to ensure that any Delaware non-public data is removed from memory before service calls and/or equipment disposal.

Electronic information storage devices (hard drives, tapes, diskettes, compact disks, USB, multifunction peripherals, etc.) shall be disposed of in a manner corresponding to the classification of the stored information, up to and including physical destruction.

4.2.6 Vendor shall be responsible for complying with the Terms and Conditions for Cloud Providers and External Hosting listed in Exhibit 5.

4.3. It shall be the duty of the Vendor to assure that all Services are technically sound and in conformance with all pertinent federal, state and local statutes, codes, ordinances, resolutions and other regulations. Vendor will not produce a work product that violates or infringes on any copyright or patent rights. Vendor shall, without additional compensation, correct or revise any errors or omissions in its work product.

4.4. Permitted or required approval by Delaware of any Services by Vendor shall not in any way relieve Vendor of responsibility for the professional and technical accuracy and adequacy of such work. Delaware's review, approval, acceptance, or payment for any of Vendor's Services shall not be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement, and Vendor shall be and remain liable in accordance with the terms of this Agreement and applicable law for all damages to Delaware caused by Vendor's performance or failure to perform under this Agreement.

4.5. Vendor shall appoint a senior employee who will manage the performance of Services and act as the single point of contact to the Board and Delaware. All of the Services shall be performed by such employee, or by Vendor's associates and employees under the direct personal supervision of such employee.

- 4.6. Designation of persons for each position is subject to review and approval by Delaware. Should the staff need to be diverted off the project for what are now unforeseeable circumstances, Vendor will notify Delaware immediately and work out a transition plan that is acceptable to both parties, as well as agree to an acceptable replacement plan to fill or complete the work originally assigned to the diverted project staff at no cost to Delaware. Selected replacement staff are subject to review and approval by Delaware. If Vendor fails to make a required replacement within 30 days, Delaware may terminate this Agreement for default. Upon receipt of written notice from Delaware that an employee of Vendor is unsuitable to Delaware for good cause, Vendor shall remove such employee from the performance of Services and substitute in his/her place an employee suitable to Delaware.
- 4.7. Vendor shall furnish to Delaware's Designated Contact (as defined in Section 19 below) copies of all correspondence to regulatory agencies for review prior to mailing such correspondence.
- 4.8. Vendor agrees that its officers and employees will cooperate with Delaware in the performance of Services and will be available for consultation with Delaware at such reasonable times with advance notice so as to not conflict with their other responsibilities.
- 4.9. Vendor has or will retain such employees as it may need to perform the Services. Such employees shall not be employed by Delaware or any political subdivision of Delaware.
- 4.10. Vendor will not use Delaware's name, either express or implied, in any of its advertising or sales materials without Delaware's express written consent.
- 4.11. Vendor and all subcontractors represent that they are properly licensed and authorized to transact business in Delaware as provided in 30 *Del. C.* §2502.
- 4.12. Vendor will provide financial statements to Delaware as requested, whether or not the vendor is a privately-held or publicly-held company.

5. Delaware Responsibilities.

- 5.1. Delaware agrees that its officers and employees will cooperate with Vendor in the performance of Services and will be available for consultation with Vendor at such reasonable times with advance notice so as to not conflict with their other responsibilities.
- 5.2. The Services performed by Vendor shall be subject to review for compliance with the terms of this Agreement by Delaware's Designated Contact.
- 5.3. The Designated Contact may delegate any or all responsibilities under the Agreement to appropriate staff members, and shall so inform Vendor by written notice before the effective date of each such delegation. The review by Delaware's Designated Contact may be reported in writing to the Vendor but shall not relieve Vendor from the responsibility for the professional and technical accuracy of all Services delivered under this Agreement.

6. Work Product.

- 6.1. All materials, information, documents, and reports, whether finished, unfinished, or draft, developed, prepared, completed, or acquired by Vendor for Delaware relating to the Services to be performed hereunder shall become the property of Delaware and shall be delivered to Delaware's Designated Contact upon completion or termination of this Agreement, whichever comes first. Delaware shall have the right to reproduce all documentation provided in connection with or otherwise supplied pursuant to this Agreement.
- 6.2. Vendor may retain title and interest to the data furnished and/or generated by Vendor pursuant to this Agreement but only to the extent that retention of such title and interest does not conflict with Delaware's rights to the materials, information and documents developed in performing the Services. Delaware shall have a perpetual, nontransferable, non-exclusive paid-up right and license to use, copy, modify and prepare derivative works of all materials in which Vendor retains title, whether individually by Vendor or jointly with Delaware. The parties will cooperate with each other and execute such other documents as may be reasonably deemed necessary to achieve the objectives of this Section.

7. Confidential Information.

To the extent permissible under 29 *Del. C.* §10001, et seq., the parties to this Agreement shall preserve in strict confidence any information, reports or documents obtained, assembled or prepared in connection with the performance of this Agreement.

8. Warranty.

- 8.1. Vendor warrants that the Services will be performed in a good and workmanlike manner. Vendor agrees to re-perform any Services or correct any other work product not in compliance with this warranty.
- 8.2. Third-party products within the scope of this Agreement are warranted solely under the terms and conditions of the licenses or other agreements by which such products are governed. With respect to all third-party products and services purchased by Vendor for Delaware in connection with the provision of the Services, Vendor shall pass through or assign to Delaware the rights Vendor obtains from the manufacturers and/or vendors of such products and services (including warranty and indemnification rights), to the extent that such rights are assignable.

9. Indemnification; Discharge of Liability.

- 9.1. Vendor shall indemnify and hold harmless Delaware, its agents and employees, from any and all liability, suits, actions or claims, together with all reasonable costs and expenses (including attorneys' fees) arising out of the negligent or other wrongful conduct of the Vendor, its agents or employees, or Vendor's breach of any material provision of this Agreement.
- 9.2. If Delaware notifies Vendor in writing of a third party claim against Delaware that any work product of Vendor developed, designed or delivered in connection with this Agreement infringes a copyright or a trade secret of any third party, Vendor will defend such claim at its expense and will pay any costs or damages that may be finally awarded against Delaware.

10. Insurance.

10.1. Vendor shall maintain the following insurance during the term of this Agreement:

- a. Worker's Compensation and Employer's Liability Insurance in accordance with applicable law;
- b. Comprehensive General Liability - \$1,000,000.00 per occurrence/\$3,000,000 per aggregate;
- c. Medical/Professional Liability - \$1,000,000.00 per occurrence/\$3,000,000 per aggregate;
- d. Miscellaneous Errors and Omissions - \$1,000,000.00 per occurrence/\$3,000,000 per aggregate; and
- e. Automotive Liability Insurance covering all automotive units used in the work with limits of not less than \$100,000 for each person and \$300,000 for each accident as to bodily injury and \$25,000 as to property damage to others.

10.2. Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered to Delaware in accordance with the policy provisions.

10.3. Before any work is done pursuant to this Agreement, the Certificate of Insurance and/or copies of the insurance policies specified in Section 10.1 and its subsections, referencing the contract number stated herein, shall be filed with Delaware. The certificate holder is as follows:

**Manager of Banking Services
Office of the State Treasurer
820 Silver Lake Blvd., Suite 100
Dover DE 19904**

10.4. In no event shall Delaware be named as an additional insured on any policy required under this Agreement.

11. Independent Contractor.

11.1. It is understood that in the performance of the Services, Vendor shall be, and is, an independent contractor, and is not an agent or employee of Delaware and shall furnish such Services in its own manner and method except as required by this Agreement.

11.2. Vendor has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all persons employed by Vendor in the performance of the Services; provided, however, that it will, subject to scheduling and staffing considerations, attempt to honor Delaware's request for specific individuals.

11.3. Vendor shall be solely responsible for, and shall indemnify, defend and hold Delaware harmless from all matters relating to the payment of its employees, including compliance with Social Security, withholding and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever.

- 11.4. Vendor acknowledges that Vendor and any subcontractors, agents or employees employed by Vendor shall not, under any circumstances, be considered employees of Delaware, and that they shall not be entitled to any of the benefits or rights afforded employees of Delaware, including, but not limited to, sick leave, vacation leave, holiday pay, Public Employees' Retirement System benefits, or health, life, dental, long-term disability or workers' compensation insurance benefits. Delaware will not provide or pay for any liability or medical insurance, retirement contributions or any other benefits for or on behalf of Delaware or any of its officers, employees or other agents.
- 11.5. Vendor shall be responsible for providing liability insurance for its personnel.
- 11.6. As an independent contractor, Vendor has no authority to bind or commit Delaware. Nothing herein shall be deemed or construed to create a joint venture, partnership, or fiduciary or agency relationship between the parties for any purpose.

12. Suspension.

- 12.1. Delaware may suspend performance by Vendor under this Agreement for such period of time as Delaware, at its sole discretion, may prescribe by providing written notice to Vendor at least 30 working days prior to the date on which Delaware wishes to suspend. Upon such suspension, Delaware shall pay Vendor its compensation, based on the percentage of the project completed and earned until the effective date of suspension, less all previous payments. Vendor shall not perform further work under this Agreement after the effective date of suspension until receipt of written notice from Delaware to resume performance.
- 12.2. In the event Delaware suspends performance by Vendor for any cause other than the error or omission of the Vendor, for an aggregate period in excess of 30 days, Vendor shall be entitled to an equitable adjustment of the compensation payable to Vendor under this Agreement to reimburse Vendor for additional costs occasioned as a result of such suspension of performance by Delaware, contingent on appropriated funds and approval by Delaware.

13. Termination.

- 13.1. This Agreement may be terminated in whole or in part by either party in the event of substantial failure of the other party to fulfill its obligations under this Agreement through no fault of the terminating party; but only after the other party is given:
 - a. Not less than 20 calendar days written notice of intent to terminate; and
 - b. An opportunity for consultation with the terminating party prior to termination.
- 13.2. This Agreement may be terminated in whole or in part by Delaware for its convenience, but only after Vendor is given:
 - a. Not less than 20 calendar days written notice of intent to terminate; and
 - b. An opportunity for consultation with Delaware prior to termination.
- 13.3. If termination for default is effected by Delaware, Delaware will pay Vendor that portion of compensation which has been earned as of the effective date of termination, but:

- a. No amount shall be allowed for anticipated profit on performed or unperformed Services or other work, and
 - b. Any payment due to Vendor at the time of termination may be adjusted to the extent of any additional costs occasioned to Delaware by reason of Vendor's default.
 - c. Upon termination for default, Delaware may take over the work and perform or cause to be performed the same to completion by agreement with another party or otherwise.
 - d. In the event Vendor shall cease conducting business, Delaware shall have the right to make an unsolicited offer of employment to any employees of Vendor assigned to the performance of the Agreement, notwithstanding the provisions of Section 11.2.
- 13.4. If after termination for failure of Vendor to fulfill contractual obligations it is determined that Vendor has not so failed, the termination shall be deemed to have been effected for the convenience of Delaware.
- 13.5. The rights and remedies of Delaware and Vendor provided in this section are in addition to any other rights and remedies provided by law or under this Agreement.
- 13.6. Gratuities.
 - a. Delaware may, by written notice to Vendor, terminate this Agreement if it is found after notice and hearing by Delaware that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by Vendor or any agent or representative of Vendor to any officer or employee of Delaware with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending or making of any determinations with respect to the performance of this Agreement.
 - b. In the event this Agreement is terminated as provided in Section 13.6(a) hereof, Delaware shall be entitled to pursue the same remedies against Vendor it could pursue in the event of a breach of this Agreement by Vendor.
 - c. The rights and remedies of Delaware provided in Section 13.6 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.
- 13.7. Validity and enforcement of this Agreement is subject to appropriations by the General Assembly of the specific funds necessary for contract performance. Should such funds not be so appropriated Delaware may immediately terminate this Agreement, and absent such action this Agreement shall be terminated as to any obligation of Delaware requiring the expenditure of money for which no specific appropriation is available, at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.
- 13.8. Notwithstanding any other provisions of this Agreement, this Agreement shall terminate and Delaware's obligations under it shall cease at the end of the fiscal year in which Delaware fails to appropriate monies for the ensuing fiscal year sufficient for the payment of all amounts which will then become due.

14. Assignment; Subcontracts.

- 14.1. Any attempt by Vendor to assign or otherwise transfer any interest in this Agreement without the prior written consent of Delaware shall be void.
- 14.2. Services specified by this Agreement shall not be subcontracted by Vendor, without prior written approval of Delaware.
- 14.3. Approval by Delaware of Vendor's request to subcontract or acceptance of or payment for subcontracted work by Delaware shall not in any way relieve Vendor of responsibility for the professional and technical accuracy and adequacy of the work. All subcontractors shall adhere to all applicable provisions of this Agreement.
- 14.4. Vendor shall be and remain liable for all damages to Delaware caused by negligent performance or non-performance of work under this Agreement by Vendor, its subcontractor or its sub-subcontractor.
- 14.5. The compensation otherwise due to Vendor pursuant to Exhibit 2 shall not be affected by Delaware's approval of the Vendor's request to subcontract.

15. Complete Agreement.

- 15.1. This Agreement and its Exhibits shall constitute the entire Agreement between Delaware and Vendor with respect to the subject matter of this Agreement and shall not be modified or changed without the express written consent of the parties. The provisions of this Agreement supersede all prior oral and written quotations, communications, agreements and understandings of the parties with respect to the subject matter of this Agreement.
- 15.2. If the scope of any provision of this Agreement is too broad in any respect to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provision shall be curtailed only to the extent necessary to conform to the law.
- 15.3. If any term or provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof or the whole of this Agreement, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth.
- 15.4. Each Exhibit, except as its terms otherwise expressly provide, shall be a complete statement of its subject matter and shall supplement and modify the terms and conditions of this Agreement for the purposes of that engagement only. No other agreements, representations, warranties or other matters, whether oral or written, shall be deemed to bind the parties hereto with respect to the subject matter hereof.

16. Miscellaneous Provisions.

- 16.1. In performance of this Agreement, Vendor shall comply with all applicable federal, state and local laws, ordinances, codes and regulations. Vendor shall solely bear the costs of permits required and other relevant costs incurred in the performance of this Agreement.
- 16.2. Neither this Agreement nor any Exhibit may be modified or amended except by the mutual written agreement of the parties. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the party against which it is sought to be enforced.
- 16.3. The delay or failure by either party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of that party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.
- 16.4. Vendor covenants that it presently has no interest and that it will not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of Services required to be performed under this Agreement. Vendor further covenants to its knowledge and ability that, in the performance of said Services, no person having any such interest shall be employed.
- 16.5. Vendor acknowledges that Delaware has an obligation to ensure that public funds are not used to subsidize private discrimination. Vendor recognizes that its refusal to hire or do business with an individual or company due to reasons of race, color, gender, ethnicity, disability, national origin, age, or any other protected status, may result in Delaware declaring Vendor in breach of the Agreement, terminating the Agreement, and designating Vendor as non-responsible.
- 16.6. Vendor warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, or a percentage, brokerage or contingent fee. For breach or violation of this warranty, Delaware shall have the right to annul this Agreement without liability or at its discretion deduct from the Agreement price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.
- 16.7. This Agreement was drafted with the joint participation of both parties and shall be construed neither against nor in favor of either, but rather in accordance with the fair meaning thereof.
- 16.8. Vendor shall maintain all public records, as defined by 29 *Del. C.* § 502(1), relating to this Agreement and its deliverables for the time and in the manner specified by the Delaware Public Archives, pursuant to the Delaware Public Records Law, 29 *Del. C.* Ch. 5. During the term of this Agreement, authorized representatives of Delaware may inspect or audit Vendor' performance and records pertaining to this Agreement at the Vendor's business office during normal business hours.
- 16.9. At the option of Delaware the parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives who have authority to settle the controversy. All offers, promises, conduct and statements, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and

inadmissible for any purpose, including impeachment, in arbitration or other proceeding involving the parties, provided evidence that is otherwise admissible or discoverable may not be rendered inadmissible. If the matter is not resolved by negotiation or, alternatively, Delaware elects to proceed directly to mediation, then the matter will proceed to mediation as set forth below.

- 16.10. Any disputes, claims or controversies arising out of or relating to this Agreement, and not resolved through resolution pursuant to Section 16.9, may be submitted to mediation by a mediator selected by Delaware for resolution. Delaware reserves the right to proceed directly to arbitration or litigation without negotiation or mediation. Any such proceedings held pursuant to this provision shall be governed by Delaware law and venue shall be in Delaware. The parties shall maintain the confidential nature of the arbitration proceeding and the award, including the hearing, except as may be necessary to prepare for or conduct the arbitration hearing on the merits. Each party shall bear its own costs of mediation, arbitration or litigation, including attorneys' fees.
- 16.11. The rights and remedies of Delaware provided for in this Agreement are in addition to any other rights and remedies provided by law or at equity.
- 16.12. Pursuant to Regulation S-P adopted by the Security Exchange Commission, all non-public personal information provided by Delaware to Vendor under this Agreement shall be kept confidential by Vendor and not disclosed to others, except to the extent disclosure is (i) permitted by Regulation S-P or authorized by Delaware; (ii) required by applicable law or judicial or regulatory process; or (iii) necessary to carry out the purposes of this Agreement. All recommendations, advice, or other work product of Vendor developed under the terms of this Agreement and disclosed to Delaware, shall be treated as confidential by Delaware, except as permitted or required by applicable law or judicial or regulatory process to be disclosed.

17. Assignment of Antitrust Claims.

As consideration for the award and execution of this Agreement by Delaware, Vendor hereby grants, conveys, sells, assigns, and transfers to Delaware all of its right, title and interest in and to all known or unknown causes of action it presently has or may now or hereafter acquire under the antitrust laws of the United States and the State of Delaware, relating to the goods or Services and other work product purchased or acquired by Delaware pursuant to this Agreement.

18. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, except where federal law has precedence. Vendor consents to jurisdiction and venue in the State of Delaware.

19. Notices.

Any and all notices required by the provisions of this Agreement shall be in writing and shall be mailed, certified or registered mail, return receipt requested. All notices shall be sent to the following addresses:

DELAWARE:

Office of the State Treasurer
Attn: James DiDonato ("Designated Contact")
820 Silver Lake Blvd., Suite 100
Dover, DE 19904

VENDOR:

(Vendor contact address)

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be duly executed as of the date and year first above written.

STATE OF DELAWARE: Office of the State Treasurer

Signature

Typed or printed name

Title

Date

VENDOR:

Signature

Typed or printed name

Title

Date

Witness

Witness

The following five exhibits shall be considered part of this Agreement:

- Exhibit 1 – Statement of Work **[Incorporate Fully Negotiated Scope of Services]**
- Exhibit 2 – Payment Schedule **[Incorporate Fully Negotiated Fee Schedule]**
- Exhibit 3 – Project Schedule **[Incorporate Fully Negotiated Project Schedule – if applicable]**
- Exhibit 4 -- Confidentiality (Non-Disclosure) and Integrity of Data Agreement
- Exhibit 5 -- Cloud Computing & Offsite Hosting Standards

Exhibit 4: Confidentiality (Non-Disclosure) & Integrity of Data

CONTRACT NUMBER: TREAS-1603-DIRDEP

CONFIDENTIALITY (NON-DISCLOSURE) AND INTEGRITY OF DATA AGREEMENT

The Department of Technology and Information is responsible for safeguarding the confidentiality and integrity of data in State computer files regardless of the source of those data or medium on which they are stored; e.g., electronic data, computer output microfilm (COM), tape, or disk. Computer programs developed to process State Agency data will not be modified without the knowledge and written authorization of the Department of Technology and Information. All data generated from the original source data, shall be the property of the State of Delaware. The control of the disclosure of those data shall be retained by the State of Delaware and the Department of Technology and Information.

I/we, as an employee(s) of _____ or officer of my firm, when performing work for the Department of Technology and Information, understand that I/we act as an extension of DTI and therefore I/we are responsible for safeguarding the States' data and computer files as indicated above. I/we will not use, disclose, or modify State data or State computer files without the written knowledge and written authorization of DTI. Furthermore, I/we understand that I/we are to take all necessary precautions to prevent unauthorized use, disclosure, or modification of State computer files, and I/we should alert my immediate supervisor of any situation which might result in, or create the appearance of, unauthorized use, disclosure or modification of State data.

Penalty for unauthorized use, unauthorized modification of data files, or disclosure of any confidential information may mean the loss of my position and benefits, and prosecution under applicable State or Federal law.

This statement applies to the undersigned Contractor and to any others working under the Contractor's direction.

I, the Undersigned, hereby affirm that I have read DTI's Policy on Confidentiality (Non-Disclosure) and Integrity of Data and understood the terms of the above Confidentiality (Non-Disclosure) and Integrity of Data Agreement, and that I/we agree to abide by the terms above.

Vendor Name: _____

Authorizing Official Name (print): _____

Authorizing Official Signature: _____

Date: _____

Exhibit 5: Cloud Computing & Offsite Hosting Standards

CONTRACT NUMBER: TREAS-1603-DIRDEP

NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE State of Delaware Cloud and/or Offsite Hosting Specific Terms and Conditions

	Terms and Conditions Clauses 1-13 are mandatory for every engagement. Exceptions will be considered non-compliant and non-responsive.
1	Data Ownership: The State of Delaware shall own all right, title and interest in its data that is related to the services provided by this contract. The Service Provider shall not access State of Delaware User accounts, or State of Delaware Data, except (i) in the course of data center operations, (ii) response to service or technical issues, (iii) as required by the express terms of this contract, or (iv) at State of Delaware's written request.
2	Data Protection: Protection of personal privacy and sensitive data shall be an integral part of the business activities of the Service Provider to ensure that there is no inappropriate or unauthorized use of State of Delaware information at any time. To this end, the Service Provider shall safeguard the confidentiality, integrity, and availability of State information and comply with the following conditions: a) All information obtained by the Service Provider under this contract shall become and remain property of the State of Delaware. b) At no time shall any data or processes which either belongs to or are intended for the use of State of Delaware or its officers, agents, or employees, be copied, disclosed, or retained by the Service Provider or any party related to the Service Provider for subsequent use in any transaction that does not include the State of Delaware.
3	Data Location: The Service Provider shall not store or transfer non-public State of Delaware data outside of the United States. This includes backup data and Disaster Recovery locations. The Service Provider will permit its personnel and contractors to access State of Delaware data remotely only as required to provide technical support.
4	Encryption: a) The Service Provider shall encrypt all non-public data in transit regardless of the transit mechanism. b) For engagements where the Service Provider stores sensitive personally identifiable or otherwise confidential information, this data shall be encrypted at rest . Examples are social security number, date of birth, driver's license number, financial data, federal/state tax information, and hashed passwords. The Service Provider's encryption shall be consistent with validated cryptography standards as specified in National Institute of Standards and Technology FIPS140-2 , Security Requirements. The key location and other key management details will be discussed and negotiated by both parties. When the Service Provider cannot offer encryption at rest, they must maintain, for the duration of the contract, cyber security liability insurance coverage for any loss resulting from a data breach in accordance with the Cloud and Offsite Hosting Policy . Additionally, where encryption of data at rest is not possible, vendor must describe existing security measures that provide a similar level of protection.

5	Breach Notification and Recovery: Delaware Code requires public breach notification when citizens' personally identifiable information is lost or stolen. Reference: 6 Del. C. § 12B-102 . Additionally, unauthorized access or disclosure of non-public data is considered to be a breach. The Service Provider will provide notification without unreasonable delay and all communication shall be coordinated with the State of Delaware. When the Service Provider or their sub-contractors are liable for the loss, the Service Provider shall bear all costs associated with the investigation, response and recovery from the breach including but not limited to credit monitoring services with a term of at least 3 years, mailing costs, website, and toll free telephone call center services. The State of Delaware shall not agree to any limitation on liability that relieves a Contractor from its own negligence or to the extent that it creates an obligation on the part of the State to hold a Contractor harmless.
6	Notification of Legal Requests: The Service Provider shall contact the State of Delaware upon receipt of any electronic discovery, litigation holds, discovery searches, and expert testimonies related to, or which in any way might reasonably require access to the data of the State. The Service Provider shall not respond to subpoenas, service of process, and other legal requests related to the State of Delaware without first notifying the State unless prohibited by law from providing such notice.
7	<p>Termination and Suspension of Service: In the event of termination of the contract, the Service Provider shall implement an orderly return of State of Delaware data in CSV or XML or another mutually agreeable format. The Service Provider shall guarantee the subsequent secure disposal of State of Delaware data.</p> <p>a) Suspension of services: During any period of suspension or contract negotiation or disputes, the Service Provider shall not take any action to intentionally erase any State of Delaware data.</p> <p>b) Termination of any services or agreement in entirety: In the event of termination of any services or agreement in entirety, the Service Provider shall not take any action to intentionally erase any State of Delaware data for a period of 90 days after the effective date of the termination. After such 90 day period, the Service Provider shall have no obligation to maintain or provide any State of Delaware data and shall thereafter, unless legally prohibited, dispose of all State of Delaware data in its systems or otherwise in its possession or under its control as specified in section 7d) below. Within this 90 day timeframe, vendor will continue to secure and back up State of Delaware data covered under the contract.</p> <p>c) Post-Termination Assistance: The State of Delaware shall be entitled to any post-termination assistance generally made available with respect to the Services unless a unique data retrieval arrangement has been established as part of the Service Level Agreement.</p> <p>d) Secure Data Disposal: When requested by the State of Delaware, the provider shall destroy all requested data in all of its forms, for example: disk, CD/DVD, backup tape, and paper. Data shall be permanently deleted and shall not be recoverable, according to National Institute of Standards and Technology (NIST) approved methods and certificates of destruction shall be provided to the State of Delaware.</p>
8	Background Checks: The Service Provider shall conduct criminal background checks and not utilize any staff, including sub-contractors, to fulfill the obligations of the contract who has been convicted of any crime of dishonesty, including but not limited to criminal fraud, or otherwise convicted of any felony or any misdemeanor offense for which incarceration for a minimum of 1 year is an authorized penalty. The Service Provider shall promote and maintain an awareness of the importance of securing the State's information among the Service Provider's employees and agents.
9	Data Dictionary: Prior to go-live, the Service Provider shall provide a data dictionary in accordance with the State of Delaware Data Modeling Standard .
10	Security Logs and Reports: The Service Provider shall allow the State of Delaware access to system security logs that affect this engagement, its data and or processes. This includes the ability for the State of Delaware to request a report of the records that a specific user accessed over a specified period of time.

11	Contract Audit: The Service Provider shall allow the State of Delaware to audit conformance including contract terms, system security and data centers as appropriate. The State of Delaware may perform this audit or contract with a third party at its discretion at the State's expense. Such reviews shall be conducted with at least 30 days advance written notice and shall not unreasonably interfere with the Service Provider's business.
12	Sub-contractor Disclosure: The Service Provider shall identify all of its strategic business partners related to services provided under this contract, including but not limited to, all subcontractors or other entities or individuals who may be a party to a joint venture or similar agreement with the Service Provider, who will be involved in any application development and/or operations.
13	Operational Metrics: The Service Provider and the State of Delaware shall reach agreement on operational metrics and document said metrics in the Service Level Agreement. Examples include but are not limited to: <ul style="list-style-type: none"> a) Advance notice and change control for major upgrades and system changes b) System availability/uptime guarantee/agreed-upon maintenance downtime c) Recovery Time Objective/Recovery Point Objective d) Security Vulnerability Scanning

ACKNOWLEDGEMENT

This signed document is hereby incorporated into Contract Number TREAS 16-03 DIRECTDEP, an Agreement between the State and the Vendor to provide Direct Deposit of Payroll and Pension. By signing this Attachment, the vendor agrees to abide by all of the above Terms and Conditions.

Vendor Name: _____

Authorizing Official Name (print): _____

Authorizing Official Signature: _____

Date: _____

Appendix C: Processing Statistics

CONTRACT NUMBER: TREAS-1602-MERCHSERV

Merchant Fees Sorted as a Percent of Total Fee

November 2015

SERVICE	% OF TOTAL
Visa Interchange	51.5%
MasterCard Interchange	26.1%
Discover Interchange	4.0%
Visa Assessments - Debit	3.8%
Visa Per Item Fee Purchase (Settle)	2.4%
Visa Assessments - Credit	2.4%
MasterCard Assessments	1.3%
Processor Maintenance Fee	1.3%
MasterCard Acquirer Brand Volume Fee	0.8%
Visa ISA (US) - Single Currency	0.8%
Visa APF Fee - Debit	0.7%
Visa FANF Table 1b	0.7%
Visa FANF Table 2	0.7%
Visa Electronic Authorization	0.6%
MasterCard Per Item Fee Purchase (Settle)	0.6%
Visa Fee Int Card (Settle Purchase)	0.4%
Visa APF Fee - Credit	0.3%
MasterCard NABU Fee	0.3%
Discover Assessments	0.3%
MasterCard Fee Int Card (Settle Purchase)	0.2%
Visa Transaction Integrity Fee	0.2%
MasterCard Electronic Authorization	0.1%
Visa File Transmission Fee (per kilobyte)	0.1%
MasterCard Digital Enablement Fee	0.1%
Discover Per Item Fee Purchase (Settle)	0.1%

Note 1: Smaller fees exist, but they are not included in this list.

Note 2: Currently 2.6 percent of all fees are generated by the processor, while 97.4 percent of all fees are pass-through and interchange fees generated by the card associations.

Note 3: Primarily because of quarterly filing deadlines with the Division of Corporations, February and May are the State's two highest volume months for card transactions. In May 2015 there were 218,000 card settlements totaling \$44.6 million.

Note 4: Chargebacks are historically low. During 2015, the State's monthly average was 21 chargebacks per 151,000 settlements.